ligentia | RetailWeek
Supply Chain Awards 2011
September 7, 2011
Grosvenor House Hotel
Park Lane, London

Ligentia

Importing from Asia – China +1

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Overview

- Ligentia – introduction
- The Asian sourcing story
- Opportunities outside China - Vietnam

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Who we are

- Origins in 1930's
- March 2007 Redfern International acquire Dolphin Logistics
- November 2007 rebranded to Ligentia
- 2010 – China acquisition and expansion
- 2011 – Vietnam office opened

What we do

- International Supply Chain management
- Main route Asia to UK
- Client base of retailers and suppliers to retailers
- True 4PL – no owned assets
- Expansion

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The Asian story

The retail journey

- Manufacturing in UK
- Manufacturing shifts to Asia, retailers buy from UK
- Retailers buy direct
- China becomes the safe option
- China costs increase
- Footloose manufacturing industry seeks cheaper areas

The Ligentia journey

- Mainly export
- Shift to imports with overseas agents – good service, but...
- Freight forwarding to supply chain management
- Require excellent customer service and solutions
- From Asia to UK to global
- Moving up the supply chain

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China

- Business entering China moving from export focus to focus on entering the consumer market
- Eastern seaboard increasingly expensive
- Move North and West
- South East Asia increasingly attractive
- Labour issues
- The rise of the middle class

Where next?

- Alternatives to China require
  - Product – quality, trust, reliability
  - Workforce – skilled, expertise, right cost
  - Infrastructure - right price, transit and efficiency
  - Stable economy
  - Political security

  - Vietnam...

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Why Vietnam?

- Work ethic of people
- Low labour costs
- Government incentives and Doi Moi in 1986 (Socialist oriented market economy)
- Improving legal and business environment
- Infrastructure improvements

But

- High inflation

Vietnam – spotting the opportunity

GDP - real growth rate.

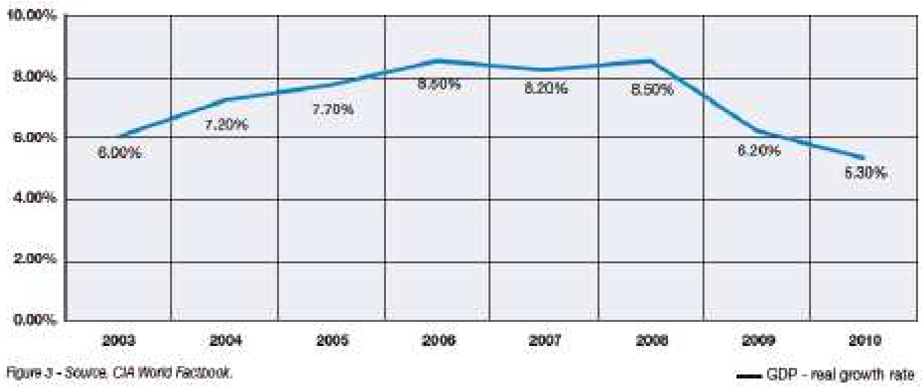

Figure 3 - Source, CIA World Factbook.

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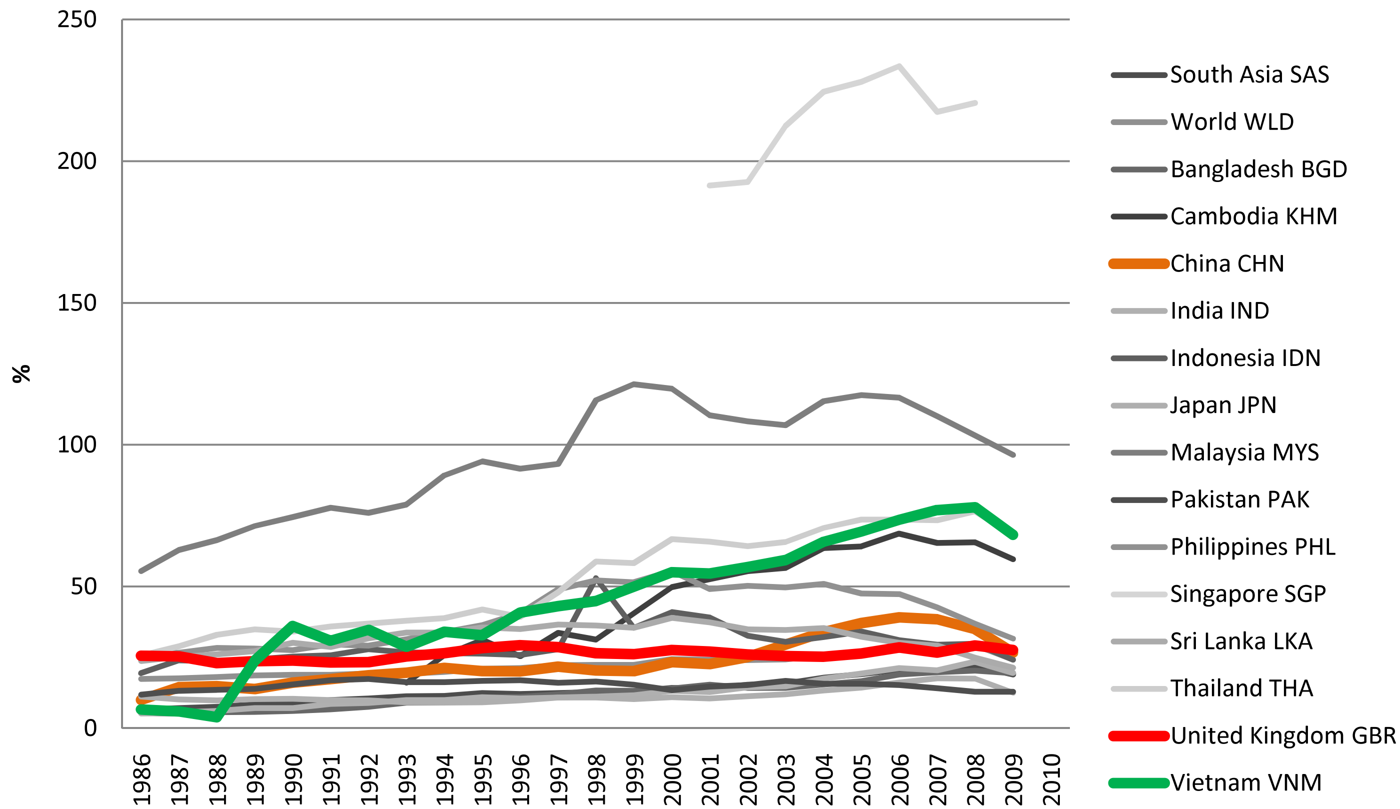
Spotting the opportunity

Exports of goods and services as % GDP



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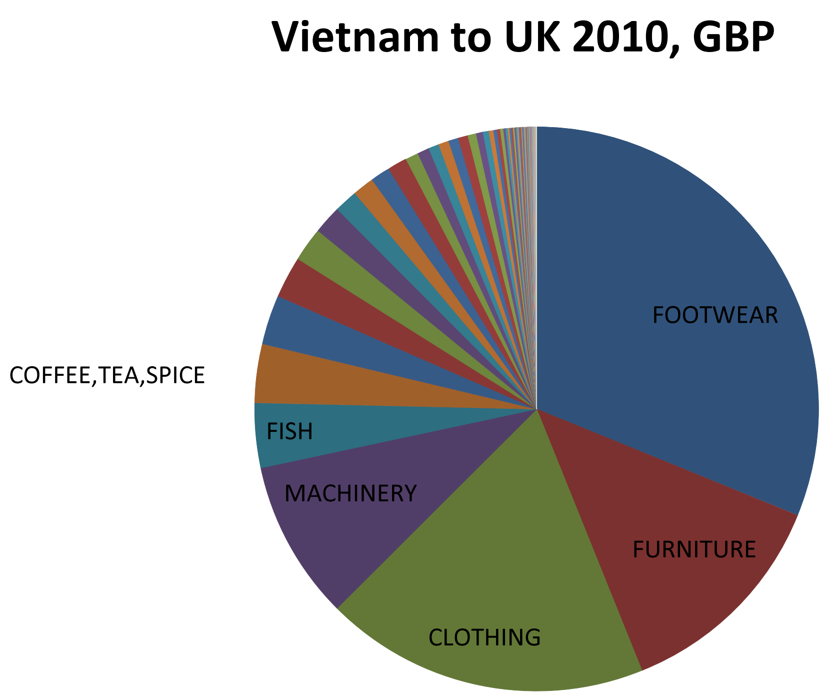
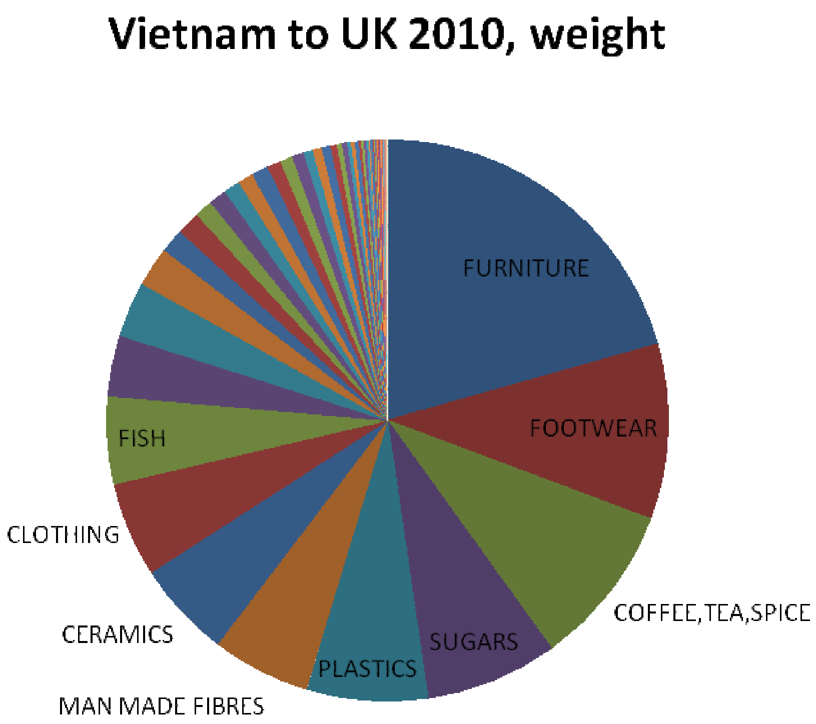
What is being exported to the UK?





Total £1.2bn

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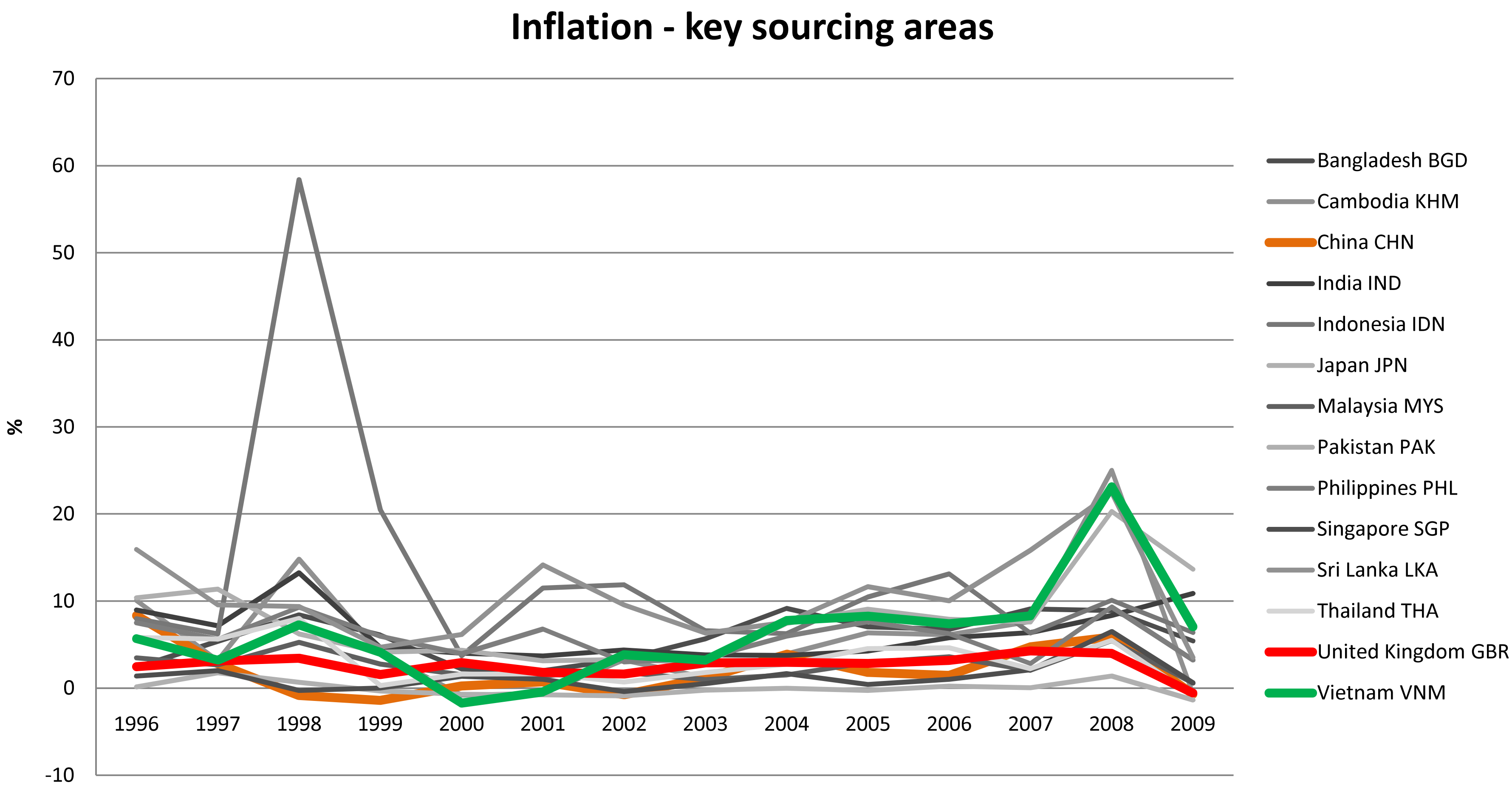
Ease of (the opportunity) doing business

Country Name	**2010**	
Singapore	1	Best
United Kingdom	4	
Thailand	19	
Malaysia	21	
Vietnam	**78**	
China	79	
Pakistan	83	
Sri Lanka	102	
Indonesia	121	
India	134	
Cambodia	147	
Philippines	148	
Chad	183	Worst

Vietnam – economy



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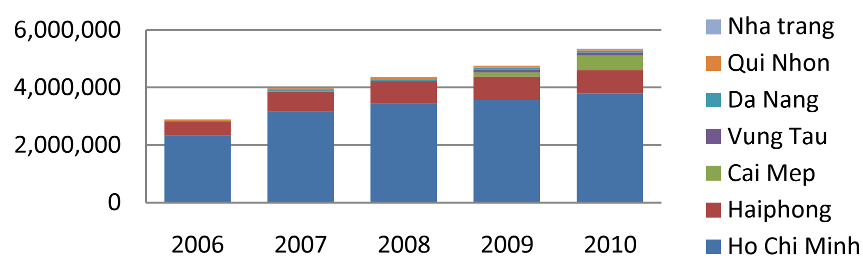
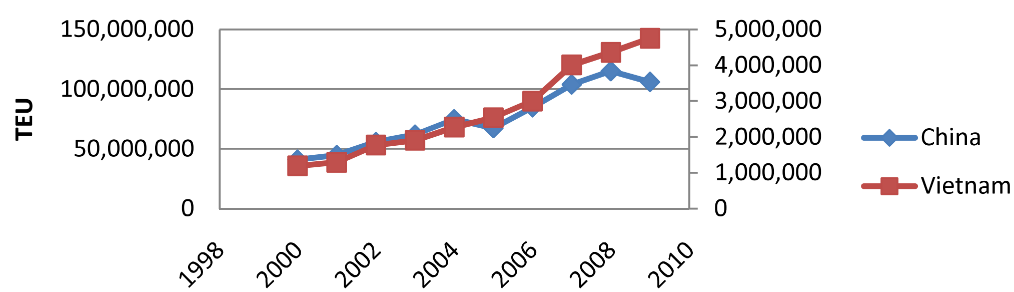
Infrastructure

- Major ports in industrial South
- Little North South infrastructure or services and high cost

Vietnam volumes by port



Port throughput



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New infrastructure

- First direct Vietnam to UK call in September 2010
- APMT opened first deep water terminal in March 2011 – Cai Mep
- 50km SE from Ho Chi Minh
- 1.15m TEU annual capacity
- 23 days sailing to UK

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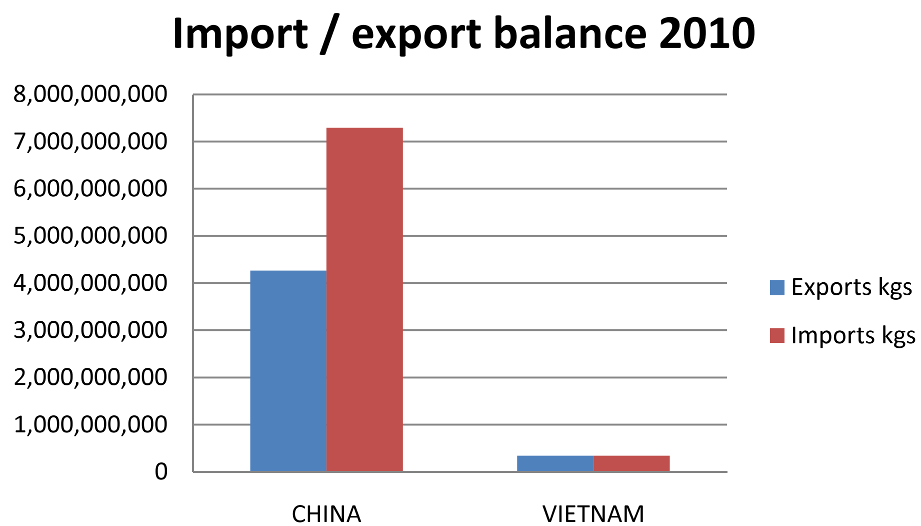
Thinking beyond export to UK

- Intra Asian trade is huge – 22 million TEU in 2012 (Box Trade Intelligence), UK = 6m
- Raw materials for factories
- Finished products for rapidly expanding middle class
- Supply Chain management is relatively basic



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Where next for global sourcing?

- South East Asia
- India
- South America
- Eastern Europe
- Africa
- UK???

- Low freight rates between Asia and Europe
- Increasing capacity and economies of scale
- Footloose manufacturing – automation replacing labour requirements
- Fuel price and slow steaming

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